

ARIZONA DEPARTMENT OF EDUCATION

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STATE OF ARIZONA

SCHOOL FINANCE MEMORANDUM 05-060

TO: School District Superintendents, Business Managers and County School Superintendents

FROM: Philip Williams, Deputy Associate Superintendent,
School Finance

DATE: June 17, 2005

SUBJECT: **FY03 and FY04 Deferred District Payment Interest Appropriation and Distribution**

Please consider this memorandum as your notification of the July 1, 2003 (FY03) and the July 1, 2004 FY04 Deferred District Payment Interest Distribution. Estimated distribution date for the FY04 distribution is June 25, 2005 and the estimated distribution date for the FY03 distribution is June 30, 2005. Your district's distribution amount can be found on the School Finance Website under your county at:

<http://www.ade.az.gov/schoolfinance/Reports/APORCounty/DeferredInterestPayment>

Please reference below the session law related to the state aid payment rollover - for June Payments - being made on July 1st of FY 05-06. In summary, this session law includes a provision for distributing state monies to districts for possible interest costs incurred as a result on the delayed June 15th payment. Please note that the session law is virtually the same for FY 03-04 and FY 04-05.

House Engrossed Senate Bill

State of Arizona Senate Forty-sixth Legislature Second Regular Session 2004

CHAPTER 278

SENATE BILL 1405

Sec. 12. Appropriations; school districts; disbursements

A. The sum of \$191,000,000 is appropriated in fiscal year 2005-2006 from the state general fund to the state board of education and superintendent of public instruction for basic state aid and additional state aid entitlement for fiscal year 2005-2006. This appropriation shall be disbursed on July 1, 2005 to the several counties for the school districts in each county in amounts equal to the reductions in apportionment of basic state aid and additional state aid that are required pursuant to section 11 of this act for fiscal year 2004-2005.

B. The sum of \$293,800 is appropriated in fiscal year 2005-2006 from the state general fund to the state board of education and the superintendent of public instruction for any costs to school districts that may be associated with the reductions in apportionment of basic state aid and additional state aid for fiscal year 2004-2005 that are required pursuant to section 11 of this act. This appropriation shall be disbursed on July 1, 2005 to the several counties for the school districts in each county and shall be allocated based on the per cent of the total \$191,000,000 deferred payment for fiscal year 2004-2005 that is attributable to each individual school district.

C. Notwithstanding any provision of law, for fiscal year 2005-2006, if the governing board of a school district incurred interest expenses for registering warrants in fiscal year 2004-2005 pursuant to section 11 of this act, the governing board may budget an estimated amount for those interest expenses. Any such amount is specifically exempt from the revenue control limit in fiscal year 2005-2006. If the budgeted estimate amount is greater than the amount received pursuant to subsection B of this section, the governing board shall not expend more than the amount received pursuant to subsection B of this section. If the budgeted estimate amount is less than the amount received pursuant to subsection B of this section, the governing board may revise its budget during fiscal year 2005-2006 to include the actual amount received pursuant to subsection B of this section and shall not expend more than the amount received pursuant to subsection B of this section.

School Finance had originally interpreted this language as a reimbursement clause - only actual interest costs incurred by districts were to be reimbursed at the request of districts and then included in their final budget revision. After further review, however, School Finance has determined that the money is to be distributed regardless of any interest expenses incurred and the distribution is to be based on each districts' proportionate share of each year's rollover payment.

The amount shown on your county's report is the total distribution from FY04's and FY05's interest payment appropriation to be made in two separate payments. The interest appropriation for FY06 will be distributed with the final FY05 district payment on July 1, 2005. You may include the total three year distribution on your FY06 expenditure budgets on Page 7, Line 10.

If you have any questions regarding the content of this memorandum or your distributed amount, please contact Ms. Bonnie Betz at (602) 542-8253 or by e-mail at bbetz@ade.az.gov.

Any questions or concerns may also be emailed to the School Finance Inbox at schoolfinance@ade.az.gov.